

December 17, 2003

Publication 1346 Part I - File Specification Changes #4

The changes are identified by two vertical bars in the right margin (||).
Deletions are identified by a hyphen followed by two vertical bars (-||).

These changes are effective immediately.

Section 12 - Federal/State Electronic Filing Specifications
Item 16 (16) deleted ERC 0009

ERC 0009 Deleted

ERC 0095 Correction to second bullet changed SEQ 0330 to SEQ 0336

ERC 0096 Rewritten

ERC 0148 Changed SEQ 0660 to SEQ 0940

ERC 0189 Revised text to include SEQ 0733 and deleted SEQ 0725

ERC 0250 Changed SEQ 0036 to SEQ 0120

ERC 0357 Deleted "vice versa" at end of second bullet

ERC 1090 New ERC

**Correction to information released in File Specification Change #2, dated
October 15, 2003:**

Section 3 - Acknowledgment File Format

Item 25 - changed street address from "Annex 2" to "Annex R-2"

Section 12 - Federal/State Electronic Filing Specifications

.16 Validation of State Records (continued)

11. The numeric fields (SEQ 0360 - SEQ 0675), if not blank, will be checked for format.
12. The IRS will check the Declaration Control Number (DCN) in the federal Form 1040, 1040A, or 1040EZ against the Declaration Control Number (SEQ 0020) of the Generic and Unformatted Records and reject both the federal and state returns if these are not equal.
13. The IRS will check the Return Sequence Number (RSN) in the federal Form 1040, 1040A, or 1040EZ against the Return Sequence Number (SEQ 0023) of the Generic Record and reject both the federal and state returns if these are not equal.
14. The IRS will check all Federal/State returns for the following fields on Form(s) W-2: If "State Income Tax 1" (SEQ 0400) contains a positive value, then "State Name 1" (SEQ 0370) should contain a Standard Postal State Abbreviation. If "State Income Tax 2" (SEQ 0470) contains a positive value, then "State Name 2" (SEQ 0440) should contain a Standard Postal State Abbreviation. If this is not done, both the federal and state returns will be rejected with Error Reject Code 0405.
15. If the federal return is an On-Line return, the associated state return must also be an On-Line return. IRS will check the On-Line-State-Return (SEQ 0049) indicator of the state Generic Record. If these do not match, the Federal/State return will be rejected.
16. The following IRS Error Reject Codes are used exclusively for errors in the state return packet:

0009 **RESERVED**

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The unformatted state record exceeds the maximum length.

0400 STATE RECORD

The Generic Record must be present in the state data packet.

An Unformatted Record was present without the Generic Record, or the Unformatted Record preceded the Generic Record.

0401 STATE RECORD - STATE CODE (SEQ 0010)

The State Code (SEQ 0010) in the Header Section of the Generic Record must be valid for the processing service center.

The State Code must be consistent throughout Generic and associated Unformatted Records for the return.

0402 STATE RECORD - ENTITY SECTION

All "Required Entry" fields in the Entity Section of the Generic Record (SEQ 0060, 0075, 0085, 0095, 0100) must be present.

0403 STATE RECORD - CONSISTENCY FIELDS

Any entry present in the Consistency Section of the Generic Record must equal the corresponding federal Tax Form entry.

ATTACHMENT 1

ERROR REJECT CODE (ERC) CROSS REFERENCES

<u>ERC</u>	<u>DESCRIPTION</u>	<u>PAGE</u>
0009	o RESERVED	Pg 109, 123
0095	o Form 2441/Schedule 2 - If Total Qualified Expenses or Limit (SEQ 0230), or Credit for Child & Dependent Care (SEQ 0336), or Net Allowable Amount (SEQ 0460) is greater than zero, then Qualifying Person SSN - 1 (SEQ 0214) must be significant. The Qualifying Person information on Line 2 is not required when Prior Year Expense Literal (SEQ 0318), Prior Year Qualifying Person Name (SEQ 0324), and Prior Year Qualifying Person SSN (SEQ 0326) are present and there are no current year expenses.	Pg 101
	o If Credit for Child & Dependent Care (SEQ 0336) is significant, and Total Qualified Expenses or Limit (SEQ 0230) or Net Allowable Amount (SEQ 0460) is greater than zero, then Primary Earned Income (SEQ 0260) (and Spouse's Earned Income (SEQ 0270) when Filing Status (SEQ 0130) of Form 1040/1040A equals "2") must be significant.	
0096	o Form 1040 - If Post-May 5 CGD (SEQ 0455) is significant then Capital Gain/Loss (SEQ 0450) and Capital Distribution Box (SEQ 0447) must be significant.	Pg 98
0148	o Form 2210 - When Waiver of Entire Penalty Box (SEQ 0135) or Waiver of Part Penalty Box (SEQ 0145) equals "X", either Waived Explanation/Short Method (SEQ 0233) or Waiver Explanation (SEQ 0940) must equal "STMbnn".	Pg 101
	o Form 2210F - When Waiver of Penalty Box (SEQ 0013) equals "X", Waiver Explanation (SEQ 0177) must equal "STMbnn".	
0189	o Form 1040 - If Total Adjustments (SEQ 0740) is significant, then at least one of the following fields must be significant: SEQ 0623, 0626, 0628, 0630, 0637, 0640, 0645, 0650, 0680, 0697, 0702, 0730, 0733 , 0735.	Pg 98 -
0250	o Schedule D - When Investment Interest Expense (SEQ 1885) is significant, Form 4952 must be present. Investment Interest Expense (SEQ 1885) of Schedule D must equal Investment Capital Gain (SEQ 0120) from Form 4952.	Pg 96, 99
0357	o If MSA Literal (SEQ 0724) is significant, then MSA Amount (SEQ 0725) must be significant and vice versa.	Pg 93, 98
	o Form 1040 - If MSA Literal (SEQ 0724) and MSA Amount (SEQ 0725) is significant then, Form 8853 must be attached.	 -
1090	o If RC Amount (SEQ 0702) is significant, then either Form 2106 or Form 2106EZ must be attached.	

ATTACHMENT 6

**CLARIFICATION OF NON-PAID AND PAID PREPARER FIELDS
AND FORM 8453**

1. Non-Paid Preparer Field for IRS-Sponsored Programs

The Non-Paid Preparer field on the tax form (Form 1040, Form 1040A, Form 1040EZ) should only contain an entry when the related paper tax return was prepared or reviewed through an IRS tax assistance program. These include Self-Help, and Outreach Programs, as well as the taxpayer -|| assistance "walk-in" program in the district offices.

When a return is prepared or reviewed in one of these programs, a literal value identifying the specific program or special aspect of the program is either stamped and/or written in the Paid Preparer Information section of the tax form.

If one of the following literal values appears in the Paid Preparer Information section of the paper return, enter that literal value in SEQ 1338 (**Non-Paid Preparer**) of the tax form record:

"IRS-PREPARED"
"IRS-REVIEWED"

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In all other cases, enter blanks for fixed format or omit the field for variable format.

For the VITA and Tax Counseling for the Elderly Non-Paid Preparer IRS-Sponsored Programs, the literal values "VITA" and "TCE" will no longer be input to denote that a tax return was prepared through one of these programs. The record layout has been changed to remove the "VITA" and "TCE" values.

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The tax returns prepared in the VITA and Tax Counseling for the Elderly Non-Paid Preparer IRS-Sponsored Programs will be identified by a site identification number. The composition of the site identification number is in the Preparer's Tax Identification Number (PTIN) format. The site identification number will be entered in the PTIN field for electronically filed tax returns.

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Section 3 - Acknowledgment File Format

.01 Acknowledgment File Components (continued)

19. The "3" in the **PIN Presence Indicator field** means that taxpayer PIN is present and was entered using the Self-Select PIN method **On-Line**. ||
20. The "4" in the PIN Presence Indicator **field** means that a State-Only return was filed. -||
- NOTE: Taxpayer PIN cannot be used with State-Only returns and Form 8453 or 8453-OL is NOT required.** ||
21. A "(blank)" in the **PIN Presence Indicator** means that a **return with a PIN was rejected**. ||
22. **The "R" in the Reserved IP Address Code field of the ACK Key Record indicates that a reserved IP address is present for this return.** ||
23. Up to 96 ACK Error Record(s) may be furnished to the electronic filer, one for each three-position Error Reject Code. Filers should use these Error Reject Codes to determine the source of the error causing the return (or transmission) to be rejected. If more than the maximum number of reject conditions are identified, the last reject code will be "0999".
24. The Error Reject Codes and references to validation criteria related to the error conditions are listed in Attachment 1. Filers should use this information to resolve reject conditions. When a condition cannot be resolved with the information provided, the filer should contact the Electronic Filing Unit at the applicable submission processing center for assistance.
25. A "Y" in the EIC Indicator Field Description on the ACK Key Record indicates: ||
- a. The taxpayers identified on this return have been selected for the Service's EIC Residency Certification Test. ||
 - b. These taxpayers are required to submit Form 8836, Qualifying Children Residency Statement and related documents to: ||

Internal Revenue Service ||
Stop 4300, Annex **R-2** ||
Kansas City, MO 64999-0065 or ||

Fax form and documentation to: (913) 266-9640 ||
 - c. The EIC portion of the refund will be held until the EIC Residency test is verified. ||
 - d. If you have questions or need help, please call our special toll free number at 1-800-294-2723. ||
26. A "blank" in the EIC Indicator Field Description on the ACK Key Record indicates these taxpayers were not selected for the Service's EIC Residency Certification Test. ||